weekly economic review

January 18, 2013

Resale Housing Market

Existing home market moves into sellers' territory in 2012

Sales of existing homes in the province jumped to the highest level in five years in 2012, supported by a healthy labour market, strong in-migration and low interest rates. Existing homes sales were 60,369 in 2012, up a strong 12.3% over the 2011 level. The Alberta resale market moved into the seller's territory last year, posting a sales-to-new listings ratio of 0.61. On a monthly basis, sales ended 2012 on a softer note, recording 4,865 sales, a ten month low in December, but were still 1.9% above the same month last year.

The average home price in Alberta reached a new record in 2012, coming in at $361,970. The new high marks a 2.6% increase from 2011 levels and outpaces the 0.2% national increase. In December, resale prices were up 4.6% from the same month in 2011.

Non-Residential Building Construction

Activity largely unchanged in 2012

After two consecutive annual decreases, inflation adjusted spending on non-residential building construction was basically unchanged in 2012, slipping 0.1% from 2011 levels. Weakness in institutional/ government investment more than offset gains in industrial and commercial construction activities.

In the final quarter of 2012, real spending rose 0.5% from the previous quarter, and was 0.9% higher than the same period in 2011. Institutional/ government spending finally started to turn higher by mid 2012, rising in each of the last two quarters following nine straight quarterly declines.

New Motor Vehicle Sales

Sales rise, but at a slower pace

Vehicle sales in Alberta grew by 2.6% on a year-over-year basis in November, marking its lowest growth since April. Sales tallied 19,174 vehicles in November, of which 15,457 were trucks. Through the first 11 months of 2012, vehicle sales are sitting an impressive 11.5% above the same period in 2011.

Bank of Canada's Business Outlook Survey

Businesses outlook remains cautious

According to the Bank of Canada's survey of managers, business conditions remain subdued with the majority of firms reporting a drop in year-over-year sales growth. Despite the drop, firms are slightly more optimistic about future sales growth than in the previous quarter. Across Canada, firms reported that they remain concerned about weak demand and increased competition at home and abroad.

Manufacturing Shipments

Manufacturing activity falls

Alberta manufacturing shipments dropped to their lowest level in five months, decreasing by 1.8% in November. Petroleum & coal product shipments (-6.7%) led the fall while food manufacturing partly recovered as XL Foods restarted production in late October. Along with the monthly decline, shipments fell 6.5% from November 2011, marking the first year-over-year decline in almost three years. The annual decline was broad based, with the four largest manufacturing categories recording dips. In spite of the monthly and year-over-year weaknesses, manufacturing shipments were up 6.5% over the first eleven months of 2012 compared with the same period in 2011.

Resale Housing Market Conditions (sales to new listing ratio)

Source: The Canadian Real Estate Association

Closing Prices	January 10, 2012	January 17, 2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	101.42	101.49	100.18
WTI Oil ($US/bbl)	$93.82	$95.49	$91.38
NYMEX Natural Gas ($US/MMBtu)	$3.19	$3.49	$2.95

Alberta Economic Indicators

Population	2010	2011	2012YTD	Jul	Aug	Sep	Oct	Nov	Dec
Population[1] (000's)	3,724	3,778	3,874	3,874	--	--	3,907	--	--
y/y % change	1.4	1.5	2.5	2.5	--	--	2.9	--	--
Net Interprovincial Migration[1]	-3,271	8,443	28,170	8,544	--	--	13,915	--	--
Net International Migration[1]	24,100	16,703	37,990	14,546	--	--	10,809	--	--
Net Non-permanent Residents[1]	14	-7,604	9,721	5,244	--	--	3,946	--	--
Labour Market									
Employment (000's), SA	2,017	2,094	2,150	2,150	2,154	2,156	2,161	2,171	2,165
y/y % change	-0.4	3.8	2.7	2.2	2.1	1.8	1.7	1.8	1.5
Unemployment Rate (%), SA	6.5	5.5	4.6	4.6	4.4	4.4	4.5	4.2	4.5
Participation Rate (%), SA	72.9	73.7	73.4	73.3	73.2	73.1	73.1	73.0	72.9
Average Weekly Earnings ($), SA	993.28	1,038.69	1,070.70	1088.99	1088.45	1083.98	1098.37	--	--
y/y % change	4.6	4.6	3.3	5.5	3.6	3.9	4.3	--	--
Price Indices									
Consumer Price Index (y/y % change)	1.0	2.4	1.2	0.9	1.0	1.4	0.6	0.6	--
Excluding food and energy	0.8	0.8	1.4	1.4	1.4	1.1	1.2	0.9	--
Non-Res. Building Cons. Price Index[2] (y/y % change)	-0.1	3.4	4.1	--	--	3.5	--	--	--
Farm Product Price Index (y/y % change)	-1.8	18.0	5.2	4.6	5.0	2.3	--	--	--
Crops	9.6	19.3	1.9	0.5	4.2	1.7	--	--	--
Livestock	5.7	16.7	7.8	7.1	5.2	3.7	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	27.1	25.7	33.3	33.2	29.3	33.4	33.6	39.7	30.0
y/y % change	33.5	-5.1	30.6	32.7	-5.9	34.2	-0.5	32.2	4.7
New Housing Price Index[3] (y/y % change)	0.5	0.4	1.2	1.5	1.6	1.8	1.6	1.7	--
Edmonton	-0.8	0.9	0.9	0.8	0.9	1.3	0.8	0.8	--
Calgary	1.7	-0.1	1.5	2.3	2.4	2.3	2.4	2.8	--
NEW: MLS Average Resale Prices ($ 000's)	350.9	352.7	362.0	363.2	364.2	362.4	367.5	371.6	370.5
y/y % change	3.1	0.5	2.6	3.2	3.6	0.4	4.1	4.3	4.6
Edmonton ($ 000's)	326.5	324.2	332.7	332.6	335.9	322.4	332.5	347.3	343.9
y/y % change	2.3	0.7	2.6	1.1	3.2	-3.5	1.6	4.3	4.4
Calgary ($ 000's)	397.4	401.9	410.8	411.1	411.5	409.1	423.5	418.7	434.5
y/y % change	3.4	1.1	2.2	2.9	1.6	-0.4	5.5	3.7	7.3
Retail Sales, SA (y/y % change)	6.0	6.9	8.9	9.6	8.5	8.3	6.1	--	--
NEW: New Motor Vehicle Sales (y/y % change)	9.5	9.6	11.5	10.8	9.0	15.7	9.1	2.6	--
Consumer Bankruptcies	8,150	7,029	4,993	489	454	421	489	--	--
y/y % change	-18.4	-13.8	-16.4	-8.4	-23.7	-19.8	-5	--	--
Business Sector									
Rigs Drilling	207	286	250	198	223	229	236	258	287
y/y % change	68.1	30.4	-12.6	-17.5	-30.9	-33.7	-29.6	-21.8	-16.6
Goods Exports, customs based (y/y % change)	12.6	18.5	4.0	0.8	-7.5	-9.1	7.1	-3.2	--
Energy	17.1	19.4	5.1	3.3	-9.9	-9.0	9.5	1.9	--
Farm, Fishing and Intermediate Food	-15.9	27.2	20.4	-6.2	30.4	25.2	26.2	6.4	--
Farm Cash Receipts (quarterly, y/y % change)	-3.7	15.2	15.0	--	-	8.8	--	--	--
NEW: Manufacturing Shipments, SA (y/y % change)	11.3	18.0	6.5	7.1	5.0	1.2	2.0	-6.5	--
Wholesale Trade, SA (y/y % change)	8.5	15.0	13.6	12.6	9.7	7.4	--	--	--
Building Permits, SA (y/y % change)	1.3	11.8	15.2	0.1	11.0	6.1	25.5	26.3	--
Residential	22.4	5.2	19.0	1.2	30.2	9.4	15.2	23.9	--
Non-residential	-18.3	20.9	10.5	-1.5	-10.4	1.4	42.2	29.9	--
Business Bankruptcies	378	264	199	16	10	21	18.0	--	--
y/y % change	-6.7	-30.2	-12.3	6.7	-61.5	-8.7	-40.0	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

[1]Quarterly; annual numbers are presented on a census year basis (July 1–June 30).

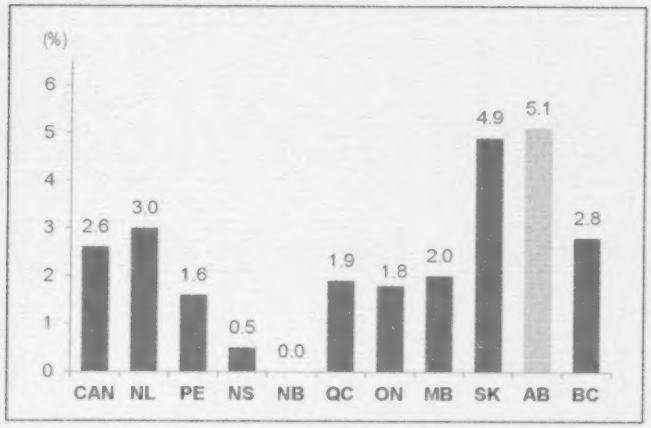
[2]Quarterly, average of Calgary and Edmonton

[3]Average of Calgary and Edmonton

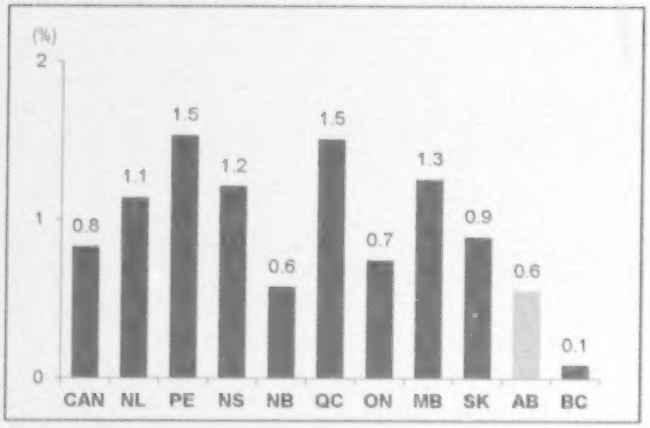
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada)

Economic Indicators by Province

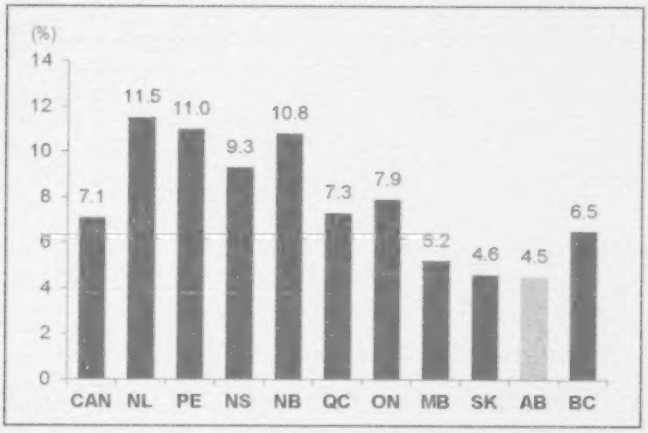
Real GDP Growth by Expenditure
(2011, year-over-year growth)



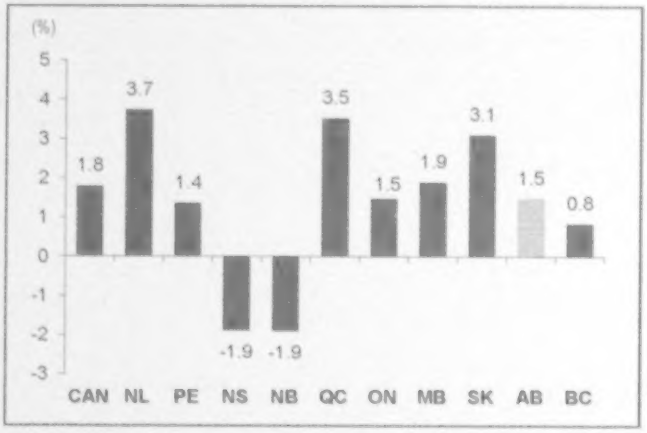
CPI Inflation
(November 2012, year-over-year growth in CPI)



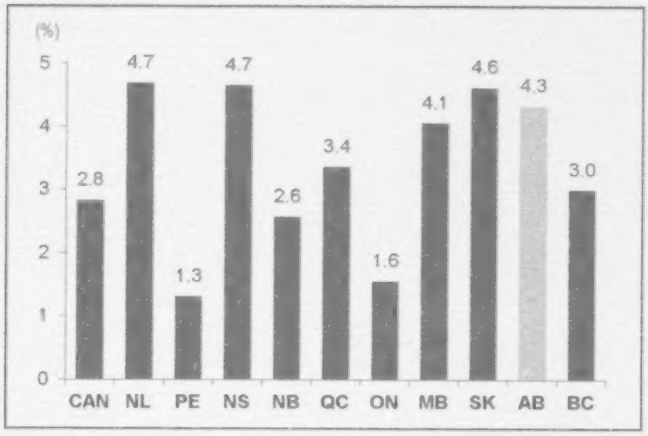
Unemployment Rate
(December 2012)



Employment
(December 2012, year-over-year growth)



Average Weekly Earnings
(October 2012, year-over-year growth)



Housing Starts
(December 2012, SAAR, year-over-year growth)